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STATE OF NORTH CAROLINA



GOVERNMENTAL EVALUATION COMMISSION REPORT

ON

REGULATION OF EMPLOYMENT AGENCIES

APR 24 1979

INSTITUTE OF GOVERNMENT
UNIVERSITY OF NORTH CAROLINA

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Raleigh, North Carolina 27601



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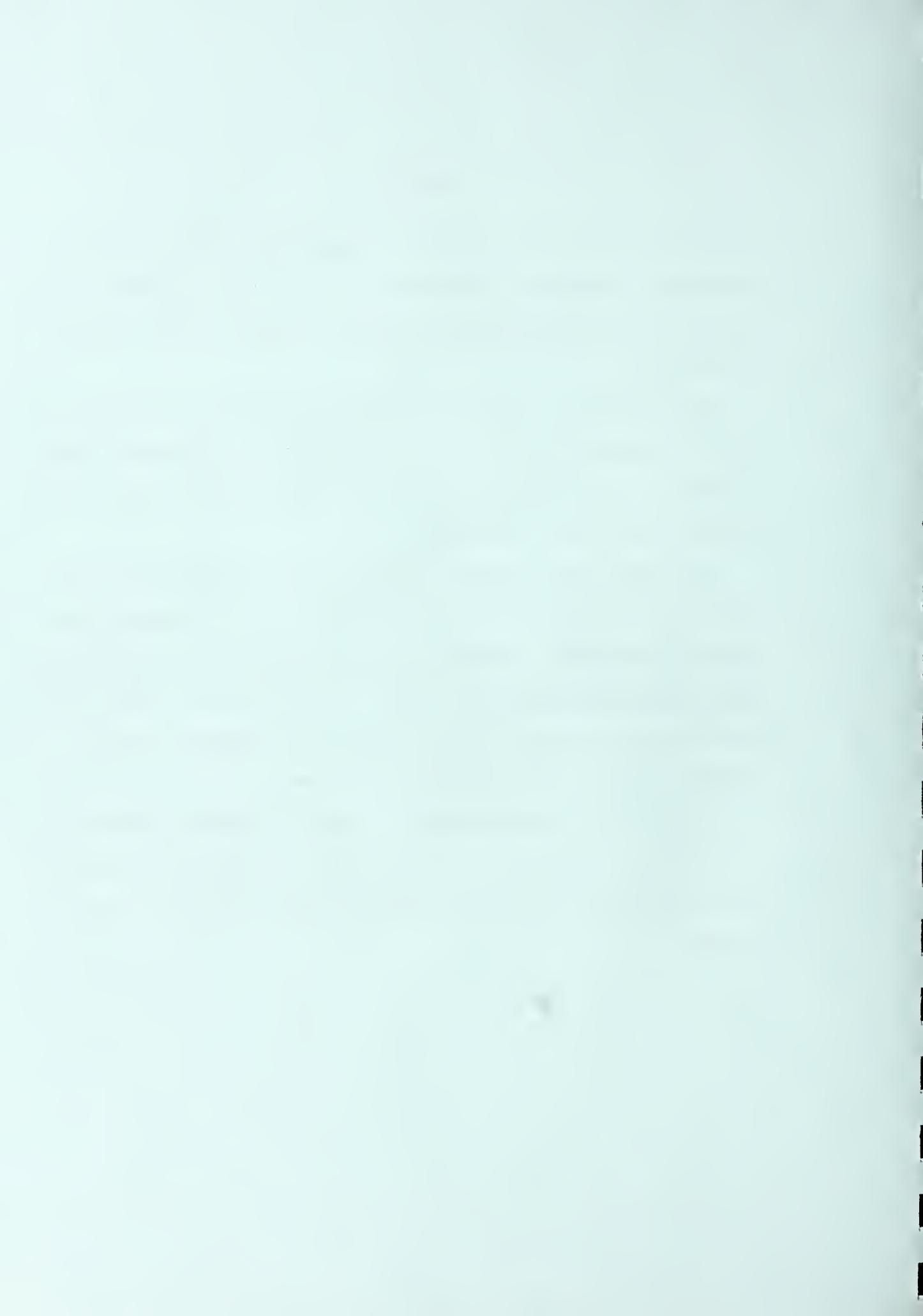
SUMMARY

As directed by General Statutes, Chapter 143, Article 1.1, the Governmental Evaluation Commission has conducted its evaluation of the Regulation of Employment Agencies created by General Statutes Chapter 95, Article 5.

The Commission concludes that the present statute and program are ineffective and do not protect the public welfare. Although the number of complaints against agencies is minimal, the Commission believes regulation of the industry is needed.

The Commission has reviewed the legislation proposed by both the Department of Labor and the industry and concludes that the scope and intent of the industry proposal is more consistent with the Commission's view of the needed regulation. However, the Commission believes that it would be more appropriate to have a Committee of Reference in the Legislature consider the necessary legislation.

In conclusion, the Governmental Evaluation Commission recommends that the current program established by North Carolina General Statutes Chapter 95, Article 5 not be continued but that new legislation be adopted.



Governmental Evaluation Commission
Report on Regulation of Employment Agencies

RECOMMENDATIONS:

1. The Commission recommends that North Carolina General Statutes Chapter 95, Article 5, entitled, *REGULATION OF EMPLOYMENT AGENCIES*, not be continued.
2. The Commission recommends that new legislation be enacted to strengthen the regulation of employment agencies.*
3. The Commission recommends that the enabling statute (G.S. Chapter 95, Article 5) creating the Regulation of Employment Agencies be repealed effective July 1, 1985, unless the General Assembly takes appropriate action before July 1, 1985, to prevent this repeal.

CONCLUSIONS:

1. The Commission concludes that the present statute is ineffective in protecting the public's welfare.
2. The Commission concludes that there is a substantial relationship between the public's welfare and the regulation of employment agencies.
3. The Commission concludes that the present statute does not contain sufficient guidelines for the revocation of a license.
4. The Commission concludes that more substantial regulation of employment agencies is necessary to protect the public's welfare.
5. The Commission concludes that the annual investment of \$52,000 by the State to administer this statute offers an insufficient return on investment when compared to benefits received by the public.

* The scope and intent of the proposed legislation recommended by the industry is consistent with the view of the Commission.

Governmental Evaluation Commission
Report on Regulation of Employment Agencies

FINDINGS:

1. The Commission finds that General Statutes Chapter 95, Article 5, regulates employment agencies, and that a major function of this program is to review, prior to the issuance of a license, the character and moral standing of the applicant.
2. The Commission finds that the statute regulating employment agencies authorizes the Commissioner of Labor to rescind a license "*for cause*" if he finds that the agency is not complying with the terms and conditions of the statute.
3. The Commission finds that the cost of administering this program is approximately \$52,000 annually and that this cost is drawn from the general fund.
4. The Commission finds that the Division states that its objective is to protect the public from unfair and deceptive business activities.

Governmental Evaluation Commission
Report on Regulation of Employment Agencies
Page 1

INTRODUCTION TO GOVERNMENTAL EVALUATION COMMISSION

Chapter 143, Article 1.1, of the General Statutes terminates the regulation of various occupations. By repealing the laws establishing them, a number of boards and commissions that license or regulate occupations are scheduled to be terminated every two years. One-third of the total of these agencies will cease to exist on July 1, 1979, unless re-established by the General Assembly.

The statute requires that prior to termination each agency be reviewed by the Governmental Evaluation Commission. The Commission is charged with conducting a "performance evaluation of each program or function scheduled for termination."

Upon completion of the evaluation, the Commission will submit a report to the General Assembly, including a recommendation as to whether the program or function in question, and the responsible agency, "should be terminated, reconstituted, re-established, or continued with or without modification of the relevant statutes."

The statute states that the Commission's basic determination is "*of the need for continuance of an agency program or function*", and that it shall use 13 listed evaluation elements in making its determination. The Commission is not limited to the use of the 13 elements in determining the presence of a public need for the continuance of a program or agency.

Governmental Evaluation Commission
Report on Regulation of Employment Agencies
Page 2

The Commission was authorized to employ a staff to help it in its work. The staff will conduct an evaluation and report its findings to the Commission in a staff report. The agencies may be given the opportunity to appear before the Commission and respond to the staff report. After making any modifications it believes desirable, the Commission will adopt a Proposed Commission Report.

The statute requires that public hearings be held on the proposed report, after a notice of the substance of the report and other details of the hearing is published. Upon completion of the hearing and consideration of the submitted evidence and arguments with respect to this evaluation, the Commission shall adopt its final recommendations. These recommendations will then be submitted to the General Assembly for its deliberation.

SCOPE OF THE EVALUATION

The purposes of the evaluation process are stated in the statute creating the Governmental Evaluation Commission.

§143-34.10. Findings and purposes. - The General Assembly finds that state government actions have produced a substantial increase in numbers of agencies, growth of programs, and proliferation of rules and regulations and that the whole process developed without sufficient legislative oversight, regulatory accountability, or a system of checks and balances. The General Assembly further finds that by establishing a system for the termination, continuation, and re-establishment of such agencies, it will be in better position to evaluate the need for the continued existence of existing and future regulatory bodies.

A recommendation on the "need for the continued existence of existing....regulatory bodies" is the end product of this evaluation process. An evaluation of "need" for the continued existence must focus on the public benefits resulting from the continued existence of a program or agency. The benefits to the persons the agency regulates are not reasons for continuing the agency.

In focusing on "need" the inevitable question that must be considered is: What is the harm to the public if there is no regulation of the occupation?

It can be argued that some possible harm is present in allowing unlicensed persons to serve the public in any occupation or capacity. There is always some risk that a member of the public will choose the wrong person in a selection process where there is no knowledge of competency or honesty. However, this selection process is a hallmark and strength of the free enterprise system.

On the other hand, regulation in any form, by any means, is

restrictive of certain individual liberties protected by Article 1.1 of the North Carolina Constitution, which provides that all persons are afforded rights of "life, liberty, and the enjoyment of the fruits of their own labor, and the pursuit of happiness." The state, through its police power, may enact legislation which invades these rights only if there is a real and substantial relationship between the legislation and the protection of the public health, safety, or welfare.

In the evaluation process, the underlying question asked by the legislature can be stated: Is this regulation a proper exercise of the state's police power? Is the public need for regulation sufficient to justify making available to the regulatory body the authority of the State of North Carolina to imprison, to fine, and to deprive the right of earning a living to a person who violates the regulatory statute? The regulatory statute makes available to the agency, for enforcement, the State Judiciary, the State Attorney General, the police, and the power to collect money for use of the agency.

The evaluation question to be answered could be stated another way: Does this regulatory statute protect the public from potential serious harm so that if there were no statute, serious harm would be done to the public's health, safety, or welfare?

The key words are "serious harm". If the answer to the evaluation question is "No", then there is no public need for the program or agency and the statute must not be continued.

If the answer is "Yes", then the Commission must look at all parts of the program and agency to determine if they are doing what the statute

Governmental Evaluation Commission
Report on Regulation of Employment Agencies
Page 5

calls for them to do in an efficient and effective manner.

The General Assembly is the final authority on the recommendations of the Commission. A Committee of Reference in each House of the General Assembly will hold a public hearing on the recommendations relating to each agency. In the hearing the agency has the burden of demonstrating a public need for the continued existence of the agency and its program or function.

HISTORICAL BACKGROUND:

A law requiring the licensing of employment agencies by the Commissioner of Labor was first enacted by the North Carolina General Assembly in 1929. During that time of surging unemployment, many states throughout the country passed similar laws to protect their citizens. Concern had mounted not only about the unscrupulous dealings of some local firms, but also regarding the practice by out of state agencies of luring citizens to large urban centers with false expectations of jobs. Today, 46 of the 50 states regulate the operation of employment agencies within their borders.

Under our statute, an employment agency is defined to include any business operated by any person, firm or corporation for profit and engaged in procuring employment for any person, firm or corporation in the State of North Carolina and making a charge on the employee or employer for the service. The Commissioner of Labor operating through the Private Employment Agency Division of the North Carolina Department of Labor currently administers our state licensing law.

Governmental Evaluation Commission
Report on Regulation of Employment Agencies
Page 7

EVALUATION ELEMENTS

The statute lists 13 evaluation elements to be used in making a determination of the need for continuance of an agency program or function. The statute specifically allows other evaluation elements to be used.

The performance evaluation of the Private Employment Agency Division, Department of Labor, follows:

EVALUATION ELEMENT #1

*AN IDENTIFICATION OF THE OBJECTIVES INTENDED FOR
THE AGENCY PROGRAM AND THE PROBLEM OR NEED WHICH
THE PROGRAM WAS INTENDED TO ADDRESS.*

There is no statement in North Carolina General Statute 95, Article 5 of objectives intended or the problem or need intended to be addressed by the regulation of employment agencies.

EVALUATION ELEMENT #2

AN ASSESSMENT OF THE DEGREE TO WHICH THE ORIGINAL OBJECTIVES OF THE AGENCY PROGRAM HAVE BEEN ACHIEVED EXPRESSED IN TERMS OF PERFORMANCE, IMPACT, OR ACCOMPLISHMENTS OF THE PROGRAM AND OF THE PROBLEM OR NEED WHICH IT WAS INTENDED TO ADDRESS. SUCH ASSESSMENT SHALL EMPLOY PROCEDURES OR METHODS OF ANALYSIS WHICH THE COMMISSION DETERMINES TO BE APPROPRIATE TO THE TYPE OR CHARACTER OF THE PROGRAM.

This evaluation element does not address the issue of whether the nature of the profession regulated, as it relates to the public welfare, is such that it requires state regulation. Rather, it attempts to assess the degree to which the Division program in fact provides significant public protection.

The enabling statute for the Private Employment Agency Division of the Department of Labor does not include a statement of objectives or of the problem or need intended to be addressed by the regulation of employment agencies.

In an interview with personnel of the Division, the staff was informed that the primary purpose of the program is to protect the public against unfair and deceptive practices.

Each agency under review by the Commission was asked to submit a listing of objectives of the agency program, as well as a statement of the means by which the agency program safeguards the public welfare.

The primary objective of the Private Employment Agency Division

is "enforcing the regulations by investigating complaints received against private employment agencies and imposing sanctions where necessary."

The Division issues regulations and sets minimum standards "designed to protect persons who use the services of employment agencies from unfair and deceptive business activity."

In the opinion of the Division, making certain that licensed employment agencies abide by the regulations is the most important way by which the Division protects the public welfare.

An interview with personnel of the Division revealed that the current regulations of the Division are unenforceable.

Information provided by the Division revealed that one hundred and eight (108) complaints were investigated during fiscal year 1977-78. The Division issued thirty-seven (37) reprimands as a result of the investigations. The reprimand amounts to a warning letter from the Division, but has little legal effect.

The Division has statutory authority to revoke the license of an agency. It is the opinion of the Division that the threat of revocation will compel most agencies to generally abide by the regulations.

The Division continually receives complaints against the same agencies. This is, there are instances of repeated violations by the same agency; however, there have been no revocations by the Division. The staff was informed that once the Division intervenes, a settlement is usually reached between the agency and the complainant. However, the

agency is likely to resume the same deceptive practices with another consumer.

In some instances where the agency continues this practice, it will eventually be run out of business because of bad publicity. In effect, the "market place" is providing a limited amount of public protection.

The Division also protects the public welfare through its licensing function. This activity of the Division is "intended to prevent unscrupulous agency operators from ever beginning operation". Before licensing an agency, the Division investigates the applicant's criminal history and business experience in an attempt to uncover any history of perpetration of consumer fraud. The Division did not have occasion to refuse to issue a license during the last fiscal year. In previous years the Division has refused to grant a license on grounds of insufficient financial stability, poor credit, or incomplete employment resume.

The Division further serves the public interest by "informally mediating disputes between employment agencies and their clients, thereby relieving complainants of the necessity of taking their cases to court". The regulations of the Division limit the extent to which the Division can effectively exercise this authority. Information provided by personnel of the Division revealed that in 90% of the complaints received, the division had no authority to do anything.

The Division has begun work on new regulations and legislation that would better enable it to protect persons who use the services of employment agencies.

In summary, information provided by the Division indicates that the

objectives of the agency program, protecting the public against unfair and deceptive practices, have not been achieved and significant protection is not afforded the public.

EVALUATION ELEMENT #3

*A STATEMENT OF THE PERFORMANCE AND ACCOMPLISHMENTS
OF THE AGENCY PROGRAM IN THE LAST FISCAL YEAR AND OF
THE BUDGETARY COSTS INCURRED IN THE OPERATION OF THE
PROGRAM.*

The Private Employment Agency Division of the Department of Labor has both licensing and enforcement functions.

During the last fiscal year, the Division issued one-hundred and two (102) licenses. Of this number, thirty-nine (39) were for completely new agencies, twenty-two (22) reflected a change in ownership or management, and forty-one (41) represented a renewal of existing licenses.

In conjunction with its enforcement function, the Division investigated one hundred and eight (108) complaints against employment agencies and found thirty-seven (37) of these to be valid. Accordingly, the Division issued thirty-seven (37) reprimands. (See Table 1)

The Division also investigated twenty-four (24) companies suspected of operating an employment agency without a license. After investigation, eleven (11) of these companies were required to obtain a license.

Total cost incurred in the operation of the program amounted to \$51,679.00. Actual budgetary cost for the Private Employment Agency Division of the Department of Labor amounted to \$37,482.00. (See Table 2)

The Employment Standards Division of the Department of Labor, however, incurred expenses totalling \$14,197.00 attributed to the operation of the Private Employment Agency Division program. (See Table 2)

EVALUATION ELEMENT #4

*A STATEMENT OF THE NUMBER AND TYPES OF PERSONS
SERVED BY THE AGENCY PROGRAM.*

The law governing private employment agencies in North Carolina was passed at a time when most employment agencies were in the business of recruiting immigrant laborers and other low-wage earners. Since World War II the industry has become involved primarily in placing white collar applicants in clerical, administrative, professional, and sales positions.

At the end of fiscal year 1977-1978, there was two hundred and four (204) licensed employment agencies operating in North Carolina. These agencies placed approximately 35,00 persons in positions of employment.

EVALUATION ELEMENT #5

A SUMMARY STATEMENT, FOR THE LAST COMPLETED FISCAL YEAR, OF THE NUMBER BY GRADE, AND COST OF PERSONNEL EMPLOYED IN CARRYING OUT THE AGENCY PROGRAM AND A SUMMARY STATEMENT OF THE COST OF PERSONNEL EMPLOYED UNDER CONTRACT IN CARRYING OUT THE PROGRAM.

During fiscal year 1977-1978, full-time personnel employed in carrying out the Division program consisted of a director, at a salary grade of 70, and one secretary IV, at a salary grade of 59. In addition, during the period from June of 1978 until the end of the fiscal year, the division had in its employ one field representative, at a salary grade of 64.

The total cost of personnel employed in carrying out the program administered by the Private Employment Agency Division of the Department of Labor amounted to \$29,435.00.

EVALUATION ELEMENT #6

*AN ASSESSMENT OF THE DEGREE TO WHICH THE OVERALL
POLICIES OF THE AGENCY PROGRAM, AS EXPRESSED IN THE
RULES, REGULATIONS, ORDERS, STANDARDS, CRITERIA, AND
DECISIONS OF THE AGENCY MEET THE OBJECTIVES OF THE
GENERAL ASSEMBLY IN ESTABLISHING THE PROGRAM.*

As previously noted, there is no statement of objectives in the enabling statute for the Private Employment Agency Division of the Department of Labor.

If we assume, however, that the objectives of the General Assembly in creating the Division are the same as the stated objectives of the Division, in essence, safeguarding the public against unfair and deceptive activities, then we conclude that the objectives are not being met and little public protection is being offered.

The current statute regulating Private Employment Agencies empowers the Division to do little more than evaluate an applicant's past character and morals. While moral responsibility is important in the operation of any business, we can find no reason to believe that individuals who operate an employment agency are more dishonest or unethical than individuals who operate other commercial enterprises.

The licensing law for employment agencies does not attempt to address the question of competency. There is no assurance that the person who operates the agency has any previous business experience or knowledge in personnel, or that the person has the minimum skills required to place people in employment.

The Division's main concern is one of regulating ethics. This is virtually if not totally impossible to do. It is impossible to measure the business morals of an individual or his propensity to defraud the public if he has never been employed, or never held a management position. The Division attempts to determine moral character by investigating criminal records and verifying references supplied by the applicant. The staff reviewed the records of the Division in an attempt to discover the number of times a license had been denied for failure to meet the "moral requirement". Records of the Division indicate that denial had been founded upon insufficient financial stability, incomplete employment history, and in one instance past behavior of an associate of the applicant. It should be noted that neither financial responsibility nor the misconduct of former colleagues constitutes statutory grounds for refusal to grant a license.

In effect, the statute fails to prevent unscrupulous or undesirable individuals from entering the trade. In this instance ineffective regulation has the potential of causing more harm than no regulation at all in that clients of the agency may be misled into a false sense of security. The presence of a license prominently displayed in the agency's place of business conveys to the consumer that the state has determined that this agency operates an honest and ethical business. In fact, the license merely shows that the applicant has no record of defrauding the public.

The ineffectiveness of the statute and regulation not only prevents the Division from keeping unscrupulous individuals from entering the profession but also limits the Division's efforts to prevent undesirables

from continuing in the profession once licensed. As previously noted, the current regulations of the Division are practically unenforceable. During the last fiscal year, the Division issued some thirty-nine (39) reprimands which amounted to a "handslapping". In no case has a license been revoked and only rarely has one been denied. There is no reason to believe that dishonest or unethical licensees will be put out of business as a result of the present form of occupational regulation. Although the Division does serve as a mediator between the consumer and an agency, there is no statutory requirement that an agency use the Division in this regard. Consequently, the consumer who may fall victim of unethical business practices may be forced to take his grievance to court even with the statute.

In summary, it is doubtful that the users of private employment agencies are protected in any meaningful way by the present form of regulation.

EVALUATION ELEMENT #7

*AN ASSESSMENT OF THE EFFECT OF THE AGENCY PROGRAM
ON THE STATE ECONOMY INCLUDING COSTS TO CONSUMERS
AND BUSINESSES.*

Regulation of any sort has the tendency of increasing the cost of goods and services to the public.

The practitioner will usually pass on to the consumer the cost of complying with regulations, and the cost of initial and renewal

license fee.

In the case of Private Employment Agencies, the Division does not charge a license fee, notwithstanding statutory authority to do so.

Private employment agencies are required to pay a privilege tax in accordance with the General Revenue Act of North Carolina as are most other businesses in the state.

The cost of administering the Division program which amounted to \$51,000.00 during the last fiscal year, and is estimated to be as much as \$54,000.00 for fiscal year 1978-1979, is not being borne by the regulated entities. (See Table 3)

While the state's effort to regulate ethics is a laudable one, a serious question must be raised as to whether or not the return on investment is sufficient to warrant the expenditure of more than \$50,000.00 annually. We believe that given the marginal benefits currently received as a result of regulation, that the state would be ill advised to continue these expenditures.

EVALUATION ELEMENT #8

AN EVALUATION OF THE REPORTING AND RECORD-KEEPING REQUIREMENTS AND ACTIVITIES OF THE AGENCY PROGRAM INCLUDING THE MANAGEMENT AND CONTROL OF INFORMATION AND RECORDS AND THE VALUE OF THE INFORMATION GATHERED COMPARED TO THE COST TO RESPONDENTS, AND AN ASSESSMENT OF METHODS TO REDUCE AND SIMPLIFY THE REPORTING AND RECORD-KEEPING REQUIREMENTS.

The Division maintains records of all complaints reviewed and the resolution of the complaint.

Records are indexed by cities and sub-indexed by the name of the agency.

Employment agencies are required to maintain records of operation, including all executed contracts, for the preceding three (3) years, and make such records available for inspection by the Division.

EVALUATION ELEMENT #9

A SUMMARY STATEMENT OF THE BUDGET AND PROGRAM OF THE AGENCY FOR THE CURRENT FISCAL YEAR AND BUDGET PROJECTIONS FOR THE NEXT SUCCEEDING FISCAL YEAR IF THE PROGRAM WERE TO BE CONTINUED.

The projected budget for the Division for fiscal year 1978-1979 is \$53,974.00. This reflects a budget of \$35,820.00 for personnel.

The Division has employed a staff field investigator to perform the investigative services formerly provided by the Employment Standards Division of the Department of Labor. The employment of the field investigator caused an increase in personnel costs of nearly \$11,000.00. (See Table 4A)

EVALUATION ELEMENT #10

*AN ASSESSMENT OF WHETHER THE AGENCY HAS PERMITTED
QUALIFIED APPLICANTS TO SERVE THE PUBLIC, AND
WHETHER THE AGENCY HAS ENCOURAGED PARTICIPATION
BY THE PUBLIC IN MAKING ITS RULES AND DECISIONS,
AS OPPOSED TO PARTICIPATION SOLELY BY THE PERSONS
IT REGULATES.*

The evaluation element focuses primarily on the extent to which the Division program restricts entry into the field.

There are currently over two hundred licensed employment agencies in North Carolina. The Division issued some thirty-nine (39) new licenses during fiscal year 1977-1978.

To operate an employment agency, the applicant is required to submit an application on forms provided by the Department of Labor. In addition the applicant must have five (5) personal and three (3) business references, along with a complete employment history.

After the application has been received by the Division, notice of such application is posted informing individuals of their right to file written comments in regards to the applicant.

The Division then conducts a complete investigation into the character and moral standing of the applicant. According to the regulations¹, the Division shall investigate the character, criminal record, and financial responsibility of the applicant for the purpose of determining whether the applicant will operate a responsible agency.

The Division has no authority to evaluate the qualifications of applicants prior to licensing and the decision is based solely on the results of the investigation into the applicant's criminal history and business experience. In effect the Division is merely trying to ascertain whether the applicant is in the habit of defrauding the public.

In summary, entry into the practice of operating an employment agency is not unduly restrictive. The extent to which the agency permits "qualified" applicants to serve the public is questionable in light of the fact that the division does not attempt to measure minimum skills required to place people in employment.

The members of the Advisory Council for the Employment Agency Division are appointed by the Commissioner of Labor. Represented on the Council are agency owners, members and non-members of the North Carolina Private Employment Agency Association, and private industry officials.

Although no public notice is made, the meetings of the Advisory Council are open to the public. In addition public notice is posted of all applicants for licensure and members of the public are given an opportunity to voice objection to the issuance of a license. To this extent there is some public participation in the decisions of the agency.

EVALUATION ELEMENT #11

*AN EVALUATION OF THE EXTENT TO WHICH OPERATION
HAS BEEN EFFICIENT AND RESPONSIVE TO PUBLIC NEEDS.*

Private employment agencies are regulated in this state to protect the public against unfair and deceptive activities.

In the opinion of the director of the Division, most of the North Carolina employment agencies are highly ethical businesses. There are, however, some agencies that advertise jobs that do not exist, demand exorbitant fees from applicants placed in jobs they cannot perform, and engage in other abuses that need to be prohibited.

Some of the greatest abuses of private employment agencies are easily perpetrated because of the vulnerability of the consumer using the service of the agency. Although in many instances the consumer will be presently employed, there are occasions where the consumer has unsuccessfully sought employment on his own and turns to the employment agency as a last resort.

Often the consumer will be placed in a minimum wage job, such as, salad maker in a restaurant, and charged 10% of his annual salary as a placement fee. Or the consumer will respond to an ad placed by the agency, and then be discouraged from taking the job advertised but induced to take a job which could conceivably pay more money but one which the individual could easily get on his own, such as selling cosmetics, or home products, etc.

Too often the consumer will sign what appears to be an application form, only to discover at some later point that it was in fact a contract.

The greatest abuses for private employment agencies appear to be areas that are not easily regulated.

Regulation in and of itself will not force consumers to read before they sign. Nor will it prevent desperate consumers from accepting minimum wage jobs that they could have easily found themselves.

Often the problem is one that must be handled on a case by case basis.

Under North Carolina General Statutes §75 - 1.1, "unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce" are declared unlawful. The stated purpose of this provision is to declare ethical standards of dealings between persons engaged in business and the consuming public.

The North Carolina Attorney General has the power under North Carolina General Statutes 114-2(8) to institute and originate judicial proceedings on behalf of consumers and from that authority has derived the practice of informal mediation of disputes between consumers and business firms.

There appears to be an overlap in jurisdiction between the Justice Department and the Department of Labor as far as protecting the public against deceptive business practices is concerned. Theoretically the Consumer Protection Division of the Department of Justice could provide the same protection and respond to the public needs as effectively as the Private Employment Agency Division of the Department of Labor. As previously noted, there are some limiting factors in the Private Employment Agency Division regulations that diminish the extent to which the Division can respond to the public need.

Although the Division is currently in the process of reevaluating

its regulations, the proposed regulations will not address many of the problems, simply because they are issues that can not be controlled by regulating the agency.

EVALUATION ELEMENT #12

*AN EVALUATION OF THE EXTENT TO WHICH COMPLAINTS
HAVE BEEN EXPEDITIOUSLY PROCESSED TO COMPLETION
IN THE PUBLIC INTEREST.*

The Private Employment Agency Division of the Department of Labor receives numerous complaints each year over which it has no jurisdiction. It is estimated by the Division that in some 90% of the cases there is no statutory authority for the Division to do anything.

Approximately 60% of the complaints received come from members of the general public or applicants for jobs. An estimated 30% of the complaints come from employers and another 10% are from other agencies.

The Division estimates that the maximum length of time necessary to dispose of a complaint is six (6) weeks. In most instances complaints will be handled in five (5) to seven (7) days.

EVALUATION ELEMENT #13

*AN ANALYSIS OF THE SERVICES AND PERFORMANCE ESTIMATED
TO BE ACHIEVED IF THE AGENCY OR AGENCY PROGRAM WERE
CONTINUED.*

If continued in its present form, it is estimated that the Private Employment Agency Division of the Department of Labor would perform the same enforcement and licensing function as presently performed.

TABLE 1

HISTORY OF ENFORCEMENT

Fiscal Year	1978	1977	1976	1975	1974
Number of complaints processed	108	96	91	55	40
Number of disciplinary hearings	0	0	0	0	0
Number of licenses revoked	0	0	0	0	0
Number of licenses suspended	0	0	0	0	0
Number of reprimands	37	40	20	10*	Not Available

* data for July to December only

LICENSING HISTORY

Fiscal Year	1974-75	1975-76	1976-77	1977-78
Applications for initial license	58	28	45	40
Licenses issued	52	23	44	39
Applications withdrawn	6	4		1
Applications denied		1	1	

*Renewals - basically automatic

PRIVATE EMPLOYMENT AGENCY DIVISION

BUDGET

1977-1978

Salaries- SPA-Regular	\$ 24,978
Social Security Contribution	1,488
Retirement Contribution	2,278
Hospitalization Insurance	613
Other Contracted Personal Service	-0-
Office Supplies and Materials	186
Other Materials and Supplies	3
Travel-staff	1,728
Telephone Service-Lease	1,267
Postage	948
Printing and Binding	159
Repairs to Equipment	18
Advertising	1,078
Other Miscellaneous Service	1,305
Rental, Conference Room	16
Service and Maintenance Contract	71
Dues and Subscriptions	13
Office Furniture and Equipment	1,264
Books	69
Subtotal:	37,482
Employment Standards Division Budget (% attributable to PEA Work)	
Personnel	12,497
Non-Personnel	1,700
TOTAL:	\$ 51,679

PRIVATE EMPLOYMENT AGENCY DIVISION

BUDGET

	<u>1977-1978</u>	<u>1978-1979</u>
Salaries- SPA-Regular	\$ 24,978	35,820
Social Security Contribution	1,488	2,295
Retirement Contribution	2,278	3,527
Hospitalization Insurance	613	882
Other Contracted Personal Service	-0-	-0-
Office Supplies and Materials	186	200
Other Materials and Supplies	3	-0-
Travel-staff	1,728	6,700
Telephone Service-Lease	1,267	2,600
Postage	948	1,600
Printing and Binding	159	150
Repairs to Equipment	18	-0-
Advertising	1,078	-0-
Other Miscellaneous Service	1,305	-0-
Rental, Conference Room	16	-0-
Service and Maintenance Contract	71	200
Dues and Subscriptions	13	-0-
Office Furniture and Equipment	1,264	-0-
Books	69	-0-
 Subtotal:	 37,482	 53,974
 Employment Standards Division Budget (% attributable to PEA Work)		
Personnel	12,497	-0-
Non-Personnel	1,700	-0-
 TOTAL:	 \$ 51,679	 53,974

Governmental Evaluation Commission
Report on Regulation of Employment Agencies
Page 28

TABLE 4

Personnel - 1977-1978

<u>Number of Positions</u>	<u>Classification</u>	<u>Grade</u>	<u>Total Yearly Salary</u>	<u>Benefits</u>	<u>Total</u>
1	Director, P.E.A.	70, Step 1	\$14,520.00	\$2,497.00	\$17,017
1	Secretary IV	59, Step 3	9,300.00	1,705.00	11,005

TABLE 4A

Personnel - 1978-1979

1	Director, P.E.A.	70, Step 1	\$14,724.00	\$2,533.00	\$17,257
1	Secretary IV	59, Step 3	9,864.00	1,794.00	11,658
1	Field Rep.	64, Step 1	11,232.00	2,002.00	13,234

COMPLAINT PROFILE

	BY WHOM	AGAINST WHOM	WHAT REASON	TOTAL
1.	Licensee	Licensee	Work Related	2
2.	Licensee	Non-Licensee	No License	3
3.	General Public	Licensee	Work Related	24
4.	General Public	Non-Licensee	Work Related	0
5.	General Public	Non-Licensee	No License	0

-Random selections of complaint files-

